

Meeting Report
Budget Review Meeting
Monday, November 1, 2010
Penn Room

Attending: J. Waltman, F. Acosta, D. Reed, S. Marmarou, M. Goodman-Hinnershitz, D. Sterner, L. Kelleher, D. Cituk, F. Denbowski, C. Younger, C. Geffken, C. Weidel, W. Rehr, S. Hummel, P. Beisswanger, M. Malinowski

Mr. Acosta, Finance Chair, called the meeting to order at approximately 5:50 p.m.

Human Resources

Mr. Geffken explained that HR is part of the Administrative Services Department and includes Personnel, Mail Room, Risk and Safety and Self-Insurance.

Mr. Geffken reviewed the changes to the Personnel and Mail Room budgets

Ms. Hummel explained the requirements for CDL drug testing whereby 50% of all CDL personnel are randomly checked annually and the requirement for annual physical examinations. She explained that the Fees area covers the Civil Service exams. A \$25 per test fee is charged to those who elect to take the test. This revenue is located on the revenue side of the budget.

Mr. Acosta questioned if the Diversity Officer works from HR. Mr. Geffken stated that the Diversity Officer is employed under HR. Mr. Acosta requested a copy of the job description and responsibilities for the Diversity Officer.

Mr. Geffken explained that the facets of Risk and Safety cover Workmen's Comp, Risk and Safety, the Risk and Safety Consultant (EHD and Mr. Malinowski), liability insurance, etc.

Mr. Malinowski reported that the problems with slow reimbursement of costs and payment of expenses has been rectified and is currently running smoothly. He explained that the City has a high deductible which reduces the cost of the policy.

Ms. Beisswanger explained that in addition to EHD, the City uses a Risk and Safety consultant to provide safety training, safety meetings, etc. She stated that as the City is self-insured, the City is required to provide a safety consultant. She also noted the need for the City to conduct a reappraisal of equipment, property, etc to update its records.

Mr. Malinowski reported that the City does extremely well in managing its workmen's comp

issues, when compared to other cities of a similar size. He explained that the workmen's comp area is required to have \$300,000 in trust and as this money is already set aside in the trust, Council could consider reducing this line item by approximately \$300,000. He added that most cities combine the workmen's comp indemnification and medical line items for improved efficiency.

Mr. Geffken agreed that the workmen's comp area in the Self-Insurance budget can be safely reduced by \$300,000.

Mr. Malinowski explained that it more economical for cities to be self-insured. He stated that the City would pay over \$2M per year to obtain equal insurance from private carriers.

The group next reviewed the Self-Insurance Law budget. Mr. Cituk noted that the City paid approximately \$100K per year between 2006 and 2008 and last year only \$12K was spent. He suggested reviewing this line item further for reduction. It was noted that the large expenditures may have related to settlement payments to the spouse of an employee who was killed while on the job.

Mr. Waltman questioned the location of the healthcare expenditure. Mr. Geffken stated that the healthcare costs are allocated per department as shown on the aggregate sheet distributed on Saturday. Ms. Kelleher stated that Council is still waiting for the breakout information on the fringe benefit line item such as benefits included in the line item and their individual cost.

Fire Budget

Mr. Geffken explained that the Fire budget was prepared in accordance with the Act 47 Recovery Plan. He stated that the Chief and labor attorneys were consulted about the budget. He stated that the budget is based on a three (3) platoon, 42 hour work week. He stated that the group also considered other models such as a 48 hour and 53 hour work week. It was determined that the 42 hour work week was the best starting place, as the change must be approved through the IAFF.

Chief Rehr noted his concern that arbitration will not be concluded by the beginning of the year thus the figures in the budget will not be realistic. He stated that the department currently deploys a four (4) platoon model and the change to the three (3) platoon model would need to be approved by the IAFF union. He noted the serious conflict built into the salary line item and the potential for litigation as the City is now asking firefighters to work additional hours for less pay. He stated that the model in the budget will require a firefighter to work 728 unpaid hours per year.

Mr. Geffken noted that management employees have been in a salary freeze for almost four (4) years and are about to take another pay reduction. He noted the need for all employee

groups to make sacrifices.

Chief Rehr also noted that as the IAFF has not agreed to begin contributing to the healthcare costs, this line item may also be skewed. He added that although the current contract has expired the IAFF employees will continue to operate under the terms of the expired contract until the arbitration is concluded. He added that the results of the arbitration may be appealed to a higher source.

Mr. Waltman noted that the down economy and the City's serious financial condition has caused shift in time and reality. However, he agreed with the Chief's concern regarding the functionality of the department.

Mr. Waltman asked the Chief to provide a manning level that would partially ease the problem. Chief Rehr expressed the belief that a 48 hour work week would be a safer approach. He stated that a 48 hour model would require five (5) firefighters in each platoon or a total of 105 firefighters. He stated that the union may agree to this schedule.

Chief Rehr stated that the 48 hour work week would require the use of a Kelly Day (day off given to a firefighter to reduce their hours worked in a pay period. It is called a Kelly Day because it was started by Captain Kelly of the Chicago Fire Department in the 1950s when he devised the 24 hours on and 48 hours off schedule. The Kelly Day prevents violations to FSLA labor laws). He stated that the use of the 48 hour work week would work best with the budgeted amounts. Mr. Geffken stated that the \$700K allocated to overtime could be used to cover salaries.

Chief Rehr stated that the department applied for a SAFER Grant which would cover the salaries and benefits of new firefighters up to \$780K per year for a two year period. The Chief again expressed concern with budgeting for the schedule change before a new contract is in place. He also again warned that the union may appeal the decision of the arbitrators.

Mr. Geffken stated that the Recovery plan requires some shift in the current deployment approach.

Ms. Reed inquired about the use of volunteer firefighters. Chief Rehr stated that the department currently has 13 volunteers; however, their response time is dependent on their schedules. He added that the City did a billboard campaign several years ago to attract volunteers and the campaign only yielded one new volunteer. He noted that nationally volunteers are difficult to find. He added that many municipalities around Berks County are forced to hire paid firefighters due to the difficulties retaining volunteers that can provide coverage.

Ms. Kelleher noted that the City also has a difficult time attracting volunteers for the many Boards, Authorities and Commissions positions.

Chief Rehr stated that the death of a volunteer firefighter in the YMCA fire in the 1980's created the need for volunteer firefighters to receive extensive training.

Ms. Goodman-Hinnershitz noted the need for Council and the Administration to figure out what in the Recovery Plan is doable and what is not and make the necessary adjustments. She added that firefighters must also be willing to consider broadening their activities during their "wait" time such as assisting with codes enforcement, etc.

Chief Rehr again expressed concern that the Recovery Plan assumes the directives will be implemented prior to the completion or arbitration of a new contract.

Mr. Geffken outlined the planned arbitration schedule.

Chief Rehr stated that fire fighters are required to complete three (3) months of classroom work and three (3) months of field training, during which the firefighter qualifies for the use of fire apparatus. He noted that approximately 80 candidates on the current list have some type of fire experience so their class time may be reduced.

Mr. Waltman observed that this is another area of the plan that cannot be implemented immediately. He expressed the belief that the City should develop a new pension program that can be offered to all new employees and begin to step away from the old expensive pension plan. He added that the Act 47 Recovery Plan requirements have slowed the budget process and made it more difficult. He expressed the belief that the City should negotiate with the labor unions rather than insisting on arbitration.

Mr. Acosta inquired about the advertisements for the Fire Chief position, as Chief Rehr can retire as of December 31, 2010. Mr. Geffken stated that the HR consultant has obtained some resumes but that candidates are awaiting the completed profile information including the salary information.

Ms. Kelleher questioned when the advertisements began running. Mr. Geffken stated that the ads were placed weeks ago. He and the Chief noted their hope that the City can attract a local person to fill the Fire Chief position.

Mr. Acosta inquired if Chief Rehr would stay on until a suitable replacement was brought on. The Chief stated that he would consider staying on until a candidate was brought on.

Mr. Geffken stated that the Fire Department has a budget of \$14M. He stated that that figure

will not increase; however, some rearrangement of funds may be necessary.

Chief Rehr expressed the belief that a 42 hour work week may also be agreeable to the union and provide some budgetary savings.

Chief Rehr explained that the SAFER Grant will be awarded in 2011; however, many other cities applied. He stated that receipt of the SAFER Grant will cover the salaries and benefits of 13 firefighter positions at the new reduced salary. He stated that the grant will cover the salaries and benefits for 2 years and that the receiving City will need to retain the firefighters hired and cover the associated costs for the third year.

Other Matters

Mr. Acosta announced that he, as Finance Chair, Vice President Waltman and President Spencer met with Mr. Geffken and Ms. Weidel at 4 pm today to inquire about the EIT spreadsheet presented by Mr. Geffken at the meeting on Saturday. He stated that Mr. Waltman reviewed the EIT information over the weekend and identified some issues.

Mr. Waltman stated that he suggested the meeting to discuss some adjustments to the EIT spreadsheet.

Mr. Acosta explained that the meeting was not held to discuss anything other than the EIT issue and that no deals or arrangements were made. He promised to announce future meetings to the body; however, he warned that if a quorum is present the meeting must be advertised and opened to the public. Mr. Younger concurred.

Ms. Kelleher stated that Wednesday's session will begin at 4:30 pm in the Council Office with a discussion with Mr. Vind about the unfunded debt ordinance. The Budget Review session will follow the 5 pm CIP Public Hearing. Portnoff will be making a presentation on Property Tax billing and collection at the Budget Review Session in the Penn Room.

The meeting adjourned at approximately 7 pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk